

By the Committees on Community Affairs; and Banking and Insurance; and Senator Hays

578-04056-14

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1 A bill to be entitled  
2 An act relating to Citizens Property Insurance  
3 Corporation; amending s. 627.351, F.S.; providing that  
4 a condominium association is ineligible for commercial  
5 residential wind-only coverage under certain  
6 conditions; providing an effective date.

7  
8 Be It Enacted by the Legislature of the State of Florida:

9  
10 Section 1. Paragraph (a) of subsection (6) of section  
11 627.351, Florida Statutes, is amended to read:

12 627.351 Insurance risk apportionment plans.—

13 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

14 (a) The public purpose of this subsection is to ensure that  
15 there is an orderly market for property insurance for residents  
16 and businesses of this state.

17 1. The Legislature finds that private insurers are  
18 unwilling or unable to provide affordable property insurance  
19 coverage in this state to the extent sought and needed. The  
20 absence of affordable property insurance threatens the public  
21 health, safety, and welfare and ~~likewise threatens~~ the economic  
22 health of the state. The state therefore has a compelling public  
23 interest and a public purpose to assist in assuring that  
24 property in the state is insured and that it is insured at  
25 affordable rates so as to facilitate the remediation,  
26 reconstruction, and replacement of damaged or destroyed property  
27 in order to reduce or avoid the negative effects on ~~otherwise~~  
28 ~~resulting to~~ the public health, safety, and welfare, to the  
29 economy of the state, and to the revenues of the state and local

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30 governments which are needed to provide for the public welfare.  
31 It is necessary, therefore, to provide affordable property  
32 insurance to applicants who are in good faith entitled to  
33 procure insurance through the voluntary market but are unable to  
34 do so. The Legislature intends, therefore, that affordable  
35 property insurance be provided and that it continue to be  
36 provided, as long as necessary, through Citizens Property  
37 Insurance Corporation, a government entity that is an integral  
38 part of the state, ~~and that is~~ not a private insurance company.  
39 To that end, the corporation shall strive to increase the  
40 availability of affordable property insurance in this state,  
41 while achieving efficiencies and economies, and while providing  
42 service to policyholders, applicants, and agents which is no  
43 less than the quality generally provided in the voluntary  
44 market, for the achievement of the foregoing public purposes.  
45 Because it is essential for this government entity to have the  
46 maximum financial resources to pay claims following a  
47 catastrophic hurricane, it is further the intent of the  
48 Legislature that the corporation continue to be an integral part  
49 of the state, ~~and~~ that the income of the corporation be exempt  
50 from federal income taxation, and that interest on the debt  
51 obligations issued by the corporation be exempt from federal  
52 income taxation.

53 2. The Residential Property and Casualty Joint Underwriting  
54 Association originally created by this statute shall be known as  
55 the Citizens Property Insurance Corporation. The corporation  
56 shall provide insurance for residential and commercial property,  
57 for applicants who are entitled, but, in good faith, are unable  
58 to procure insurance through the voluntary market. The

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59 corporation shall operate pursuant to a plan of operation  
60 approved by order of the Financial Services Commission. The plan  
61 is subject to continuous review by the commission. The  
62 commission may, by order, withdraw approval of all or part of a  
63 plan if the commission determines that conditions have changed  
64 since approval was granted and that the purposes of the plan  
65 require changes in the plan. For the purposes of this  
66 subsection, residential coverage includes both personal lines  
67 residential coverage, which consists of the type of coverage  
68 provided by homeowner's, mobile home owner's, dwelling,  
69 tenant's, condominium unit owner's, and similar policies; and  
70 commercial lines residential coverage, which consists of the  
71 type of coverage provided by condominium association, apartment  
72 building, and similar policies.

73 3. With respect to coverage for personal lines residential  
74 structures:

75 a. Effective January 1, 2014, a structure that has a  
76 dwelling replacement cost of \$1 million or more, or a single  
77 condominium unit that has a combined dwelling and contents  
78 replacement cost of \$1 million or more is not eligible for  
79 coverage by the corporation. Such dwellings insured by the  
80 corporation on December 31, 2013, may continue to be covered by  
81 the corporation until the end of the policy term. The office  
82 shall approve the method used by the corporation for valuing the  
83 dwelling replacement costs under ~~cost for the purposes of~~ this  
84 subparagraph. If a policyholder is insured by the corporation  
85 before being determined to be ineligible pursuant to this  
86 subparagraph and such policyholder files a lawsuit challenging  
87 the determination, the policyholder may remain insured by the

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88 corporation until the conclusion of the litigation.

89 b. Effective January 1, 2015, a structure that has a  
90 dwelling replacement cost of \$900,000 or more, or a single  
91 condominium unit that has a combined dwelling and contents  
92 replacement cost of \$900,000 or more, is not eligible for  
93 coverage by the corporation. Such dwellings insured by the  
94 corporation on December 31, 2014, may continue to be covered by  
95 the corporation only until the end of the policy term.

96 c. Effective January 1, 2016, a structure that has a  
97 dwelling replacement cost of \$800,000 or more, or a single  
98 condominium unit that has a combined dwelling and contents  
99 replacement cost of \$800,000 or more, is not eligible for  
100 coverage by the corporation. Such dwellings insured by the  
101 corporation on December 31, 2015, may continue to be covered by  
102 the corporation until the end of the policy term.

103 d. Effective January 1, 2017, a structure that has a  
104 dwelling replacement cost of \$700,000 or more, or a single  
105 condominium unit that has a combined dwelling and contents  
106 replacement cost of \$700,000 or more, is not eligible for  
107 coverage by the corporation. Such dwellings insured by the  
108 corporation on December 31, 2016, may continue to be covered by  
109 the corporation until the end of the policy term.

110  
111 The requirements of sub-subparagraphs b.-d. do not apply in  
112 counties where the office determines there is not a reasonable  
113 degree of competition. In such counties a personal lines  
114 residential structure that has a dwelling replacement cost of  
115 less than \$1 million, or a single condominium unit that has a  
116 combined dwelling and contents replacement cost of less than \$1

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117 million, is eligible for coverage by the corporation.

118 4. It is the intent of the Legislature that policyholders,  
119 applicants, and agents of the corporation receive service and  
120 treatment of the highest possible level but never less than that  
121 generally provided in the voluntary market. It is also intended  
122 that the corporation be held to service standards no less than  
123 those applied to insurers in the voluntary market by the office  
124 with respect to responsiveness, timeliness, customer courtesy,  
125 and overall dealings with policyholders, applicants, or agents  
126 of the corporation.

127 5.a. Effective January 1, 2009, a personal lines  
128 residential structure that is located in the "wind-borne debris  
129 region," as defined in s. 1609.2, International Building Code  
130 (2006), and that has an insured value on the structure of  
131 \$750,000 or more is not eligible for coverage by the corporation  
132 unless the structure has opening protections as required under  
133 the Florida Building Code for a newly constructed residential  
134 structure in that area. A residential structure is deemed to  
135 comply with this sub-subparagraph ~~subparagraph~~ if it has  
136 shutters or opening protections on all openings and if such  
137 opening protections complied with the Florida Building Code at  
138 the time they were installed.

139 b. Any major structure as defined in s. 161.54(6)(a) for  
140 which a permit is applied on or after July 1, 2015 ~~2014~~, for new  
141 construction or substantial improvement as defined in s. 161.54  
142 ~~s. 161.54(12)~~ is not eligible for coverage by the corporation if  
143 the structure is seaward of the coastal construction control  
144 line established pursuant to s. 161.053 or is within the Coastal  
145 Barrier Resources System as designated by 16 U.S.C. ss. 3501-

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146 3510.

147 6. With respect to wind-only coverage for commercial lines  
148 residential condominiums, effective July 1, 2014, a condominium  
149 shall be deemed ineligible for coverage if 50 percent or more of  
150 the units are rented more than eight times in a calendar year  
151 for a rental agreement period of less than 30 days.

152 Section 2. This act shall take effect July 1, 2014.